

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 EB-11 CIEP-03 TRSE-00 STR-08 OMB-01

CEA-02 FRB-03 DRC-01 /150 W
----- 091622

R 161035Z AUG 74

FM AMEMBASSY BERN

TO SECSTATE WASHDC 9408

INFO AMEMBASSY ROME

AMCONSUL ZURICH

C O N F I D E N T I A L BERN 3059

E.O. 11652: GDS

TAGS: EFIN, EGEN, IT

SUBJECT: VIEWS OF SWISS BANKERS RE ITALIAN SITUATION

1. SENIOR OFFICIALS MAJOR SWISS BANKS AND SWISS NATIONAL BANK (SNB) IN CONVERSATIONS WITH CEA MEMBER FELLNER AND EMBOFF AUGUST 14 EXPRESSED UNIFORM STARK PESSIMISM RE ECONOMIC AND POLITICAL PROSPECTS FOR ITALY OVER SHORT AND MEDIUM TERM. PARTICULARLY OF CONCERN TO SWISS BANKERS IS ITALIAN EXTERNAL FINANCIAL SITUATION, INCLUDING TRADE/BALANCE OF PAYMENTS DEFICITS, HIGH INFLATION RATE, LARGE OUTSTANDING EURO LOANS, AND PROSPECTIVE NEED FOR ADDITIONAL OUTSIDE FINANCIAL ASSISTANCE.

2. COMMERCIAL BANKERS INDICATED THEY WERE PREPARED GIVE NO ADDITIONAL LOANS TO ITALIAN BORROWERS AND EXISTING CREDIT LINES ARE BEING REVIEWED. GROUP OF TEN UNDERSTANDING ALLOW USE OF GOLD RESERVES AS COLLATERAL NOT CONSIDERED WORKABLE SOLUTION SINCE IF GOLD PLEDGED TO ONE CREDITOR ALL OTHERS WILL INSIST ON SAME TREATMENT.

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3. BANKERS EXHIBIT CONTINUED FAITH IN CARLI/OSSOLA

TEAM AT BANK OF ITALY BUT ARE VERY DOUBTFUL CENTER LEFT
OR CENTER COALITION IS VIABLE MEANS DEAL WITH ITALY'S
PRESSING PROBLEMS. THEY AGREE THAT CURRENT PERIOD
OFFERS SEASONAL RESPITE BUT POINT TO OCTOBER/NOVEMBER
AS CRITICAL TIME.

4. EMBASSY COMMENT. WE HAVE GROWN SOMEWHAT ACCUSTOMED
TO SWISS EXPRESSIONS DESPAIR RE THEIR SOUTHERN NEIGHBOR
BUT WE FOUND VIEWS VOLUNTEERED AUGUST 14 CONSIDERABLY
STRONGER THAN THOSE HEARD EARLIER.
PERCIVAL

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